

CO-OPERATIVE FEDERATION OF VICTORIA LTD

FINANCIAL STATEMENTS

YEAR ENDED 30TH JUNE, 1998

CONTENTS

Directors' Report

Operating Statement

Profit & Loss Account

Balance Sheet

Notes to the Accounts

Statement by Directors and by Principal Accounting Officer

Independent Audit Report

CO-OPERATIVE FEDERATION OF VICTORIA LTD

DIRECTORS' REPORT

To the members,

Your Directors submit their report, together with the audited accounts of the Federation for the year ended 30 June 1998.

DIRECTORS

(a) The Directors in office as at the date of this report are:

David Griffiths (Chairman)
Graeme Andrews
Niel Black
Stephen Chenery
John Gill
Bernie Harford
Vern Hughes
John Luckman
Valerie Ogier
Elizabeth Pearcey

PRINCIPAL ACTIVITIES

(b) The principal activities of the Federation in the course of the financial year were:

- Maintaining relations with the Office of Fair Trading;
- Holding information seminars on the new *Co-operatives Act 1996*;
- Publishing the *Victorian Co-operative News*;
- Developing services for use by members;
- Providing information and assistance to members;
- Participating in meetings of the Co-operatives Council of Australia;
- Fostering co-operation between member co-operatives.

SIGNIFICANT CHANGES

There were no significant changes in the nature of those activities during that period.

RESULTS FOR THE YEAR

(c) The net amount of the loss of the Federation for the financial year after provision for income tax was \$842.

RESERVES, PROVISIONS

- (d) The amounts and particulars of material transfers to or from reserves or provisions during the financial year was \$30, comprising:
 - (i) The share monies of unfinancial members at 30 June 1997 amounting to \$30 was transferred from Share Capital to the Forfeited Share Reserve.
 - (ii) One ex-member renewed membership, resulting in \$10 being transferred from the Forfeited Share Reserve to Share Capital.
 - (iii) A cheque written during 1997/98 to refund share capital of an ex-member was cancelled during 1997/98, with \$10 being transferred to the Forfeited Share Reserve.

SHARES & DEBENTURES

- (e) Shares were not issues pursuant to a prospectus during the financial year. Debentures were not issued pursuant to a prospectus during the financial year.

DIVIDENDS

- (f) The Directors recommend that no amount should be paid by way of dividend. No amount has been paid or declared by way of dividend since the end of the previous financial year.

BAD AND DOUBTFUL DEBTS

- (g) The Directors (before the Profit and Loss Account and Balance Sheet were made out) have taken reasonable steps to ascertain what action has been taken in relation to writing off of bad debts and the making of provision for doubtful debts and have caused all known bad debts to be written off and the making of provision for doubtful debts to be made out.
- (h) The Directors at the date of this report are not aware of any circumstances which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent.

CURRENT ASSETS

- (i) The Directors (before the Profit and Loss Account and Balance Sheet were made out) have taken reasonable steps to ascertain whether any current assets (other than current assets to which paragraph (g) applies) were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Federation and have caused those assets to be written down to an amount that they might be expected to realise.
- (j) The Directors at the date of this report are not aware of any circumstances which would render the values attributed to the current assets in the accounts misleading.

CHARGES AND CONTINGENT LIABILITIES

- (k) There exists at the date of this report:
- (i) No charge on the assets of the Federation which has arisen since the end of the financial year and secures the liabilities of any other person;
 - (ii) No contingent liability which has arisen since the end of the financial year.
- (l) No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Federation to meet its obligations when they fall due.

MATERIAL & UNUSUAL ITEMS & EVENTS

- (m) The Directors at the date of this report are not aware of any circumstances not otherwise dealt with in this report or accounts which would render any amount stated in the accounts misleading.
- (n) The results of the Federation's operations during the financial year were not in the opinion of the Directors substantially affected by any item, transaction or event of a material and unusual nature.

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

- (o) There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the Federation's operations for the next succeeding financial year.

SHARE OPTIONS

- (p) The Federation has not during the course of the year or since the end thereof granted to a person an option to have issued to him/her shares in the Federation.

DIRECTORS' BENEFITS & CONTRACTS

- (q) Since the end of the previous financial year, a Director of the Federation has not received or become entitled to receive a benefit, by reason of a contract made by the Federation with the Director or with a firm of which he/she is a member or with a company in which he/she has a substantial financial interest.

This report is made in accordance with a resolution of the Board and is signed for and on behalf of the Directors.

Signed at Melbourne on the 20th day of August 1998.

..... Director *Joan Gill*

David Griffiths Director *DAVID GRIFFITHS*

CO-OPERATIVE FEDERATION OF VICTORIA LTD

OPERATING STATEMENT
YEAR ENDED 30TH JUNE, 1998

	Notes	1998 \$	1997 \$
INCOME			
Dividends Received		-	500
Donations Received		-	10
Grants Received		18,000	15,000
Fees Received		1,660	215
Interest Received		1,780	1,942
Commissions Received		299	281
Membership Subscriptions		32,343	30,464
Publication Sales		1,007	2,781
Sundry Income		369	1,052
		<u>55,458</u>	<u>52,245</u>
EXPENSES			
Accounting Fees		1,143	845
Administration Fees		-	40
Advertising and Promotion		300	-
Auditors Remuneration	2	1,365	1,340
Banking Charges		174	141
Commission Payable		498	844
Conferences and Seminars		5,646	1,794
Consultants Fees		20,240	28,341
Depreciation		411	384
Equipment Repairs & Maintenance		460	230
Fax Expenses		501	334
Freight		-	499
Insurance - Fidelity		-	120
Interest Paid - Banking		-	9
Internet costs		140	-
Library Resources		529	460
Leasing Charges		2,421	2,421
Meetings		384	-
Photocopier Expenses		2,285	112
Postage		3,142	1,717
Printing and Publishing		6,445	919
Room Hire		1,002	1,833
Stationery and Office Supplies		1,462	1,030
Stock Purchases		700	1,329
Subscriptions and Memberships		400	-
Sundry Expenses		42	86
Telephone		3,376	3,467
Travel		3,202	1,055
		<u>56,268</u>	<u>49,350</u>
OPERATING PROFIT		<u>(810)</u>	<u>2,895</u>

The accompanying notes form part of the accounts.

CO-OPERATIVE FEDERATION OF VICTORIA LTD

PROFIT AND LOSS ACCOUNT
YEAR ENDED 30TH JUNE, 1998

	Notes	1998 \$	1997 \$
Operating Profit/(Loss) before Income Tax	2	(810)	2,895
Income Tax Expense/(Benefit) Attributable to Operating Profit	3	<u>32</u>	<u>424</u>
Operating Profit After Income Tax		(842)	2,471
Retained profits at the beginning of the Financial Year		<u>27,999</u>	<u>25,528</u>
Retained Profits at the end of the Financial Year		<u><u>27,157</u></u>	<u><u>27,999</u></u>

The accompanying notes form part of the accounts.

CO-OPERATIVE FEDERATION OF VICTORIA LTD

BALANCE SHEET
AS AT 30TH JUNE, 1998

	Notes	1998 \$	1997 \$
CURRENT ASSETS			
Cash on Hand		100	100
Cash at Bank			
Commonwealth Bank		13,127	3,752
Commonwealth Bank - Term Deposits		-	15,000
IOOF - Term Deposits		25,847	24,589
Stock of Publications		1,376	998
Total Current Assets		<u>40,450</u>	<u>44,439</u>
NON-CURRENT ASSETS			
Investments - Asia Pacific Co-operative			
Community Enterprise Network		10	10
Purchasing Vic. Co-op Ltd Shares (at cost)		10	10
Office Furniture and Equipment (at WDV)	4	885	1,001
Future Income Tax Benefit	3	17	49
Total Non-Current Assets		<u>922</u>	<u>1,070</u>
TOTAL ASSETS		<u>41,372</u>	<u>45,509</u>
CURRENT LIABILITIES			
Sundry Creditors		759	763
Provision for Income Tax	3	-	411
Unearned Income		12,000	15,000
Total Liabilities		<u>12,759</u>	<u>16,174</u>
NET ASSETS		<u>28,613</u>	<u>29,335</u>
SHAREHOLDERS EQUITY			
Share Capital	5	720	630
Forfeited Share Reserve	6	420	390
Statutory Reserve		316	316
Retained Profits		27,157	27,999
Total Shareholders Equity		<u>28,613</u>	<u>29,335</u>

The accompanying notes form part of the accounts.

CO-OPERATIVE FEDERATION OF VICTORIA LTD
NOTES TO AND FORMING PART OF THE ACCOUNTS
YEAR ENDED 30TH JUNE, 1998

1. Statement of Accounting Policies

a) Basis of Accounting

The Co-operative Federation of Victoria Ltd is not a reporting entity because in the Directors' opinion there are unlikely to exist users who are unable to command the preparation of reports tailored so as to satisfy specifically all their information needs, and these accounts are therefore a "Special Purpose Financial Report" that has been prepared solely to meet the Co-operation Act 1981 requirements to prepare accounts.

The accounts have been prepared in accordance with the applicable Accounting Standards and other mandatory professional reporting requirements and the requirements of the Co-operation Act 1981 with the exception that Accounting Standards AASB 1026 (Statement of Cash Flows) and AASB 1008 (Accounting for Leases) have not been adopted.

The accounts have been prepared under the historical cost convention and, therefore, do not take into account changing money values or, except where stated, the current value of monetary assets.

The accounting policies adopted are consistent with those applied in the previous year.

b) Plant and Equipment

Plant and equipment are included at cost. All assets are depreciated over their useful lives by the straight line method.

c) Income Tax

The Co-operative Federation of Victoria Ltd adopts the liability method of tax-effect accounting whereby the income tax expense shown in the profit and loss account is based on the operating profit before income tax adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expenses are included in the determination of operating profit before income tax and taxable income, are brought to account as either a provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable. Future income tax benefits relating to timing differences are not brought to account unless realisation of the asset is assured beyond reasonable doubt.

CO-OPERATIVE FEDERATION OF VICTORIA LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS
YEAR ENDED 30TH JUNE, 1998

	1998 \$	1997 \$
2. Operating Profit		
Operating profit before Income Tax has been determined after:		
Charging as Expense		
Auditors' remuneration		
(i) auditing of accounts - current year	570	550
- previous year under/(over) accrual	(5)	15
(ii) other services	800	775
	<u>1,365</u>	<u>1,340</u>
3. Income Tax Expense		
a) The prima face tax payable on operating profit is reconciled to the income tax provided in the accounts as follows:		
Operating Profit/(Loss) before Income Tax	(810)	2,895
<u>Less</u> Exempt Income	(33,487)	(30,862)
<u>Add</u> Expenses incurred in deriving Exempt Income	33,891	29,108
Taxable Income (Loss)	<u>(406)</u>	<u>1,141</u>
Tax effect at 36% (No tax on loss)	-	411
Decrease in Future Income Tax Benefit	32	13
Income Tax Expense/(Benefit)	<u>32</u>	<u>424</u>
b) The Income Tax expense/(benefit) comprises amounts set aside as:		
Provision for Income Tax Payable	-	411
Future Income Tax Benefit	32	13
	<u>32</u>	<u>424</u>
Future Income Tax Benefit relates to:		
• Timing Differences	<u>17</u>	<u>49</u>

CO-OPERATIVE FEDERATION OF VICTORIA LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS
YEAR ENDED 30TH JUNE, 1998

	1998 \$	1997 \$
4. Property, Plant & Equipment		
Office Furniture and Equipment		
At Cost	1,779	1,484
Accumulated depreciation	<u>(894)</u>	<u>(483)</u>
	<u>885</u>	<u>1,001</u>
5. Share Capital		
Issued capital: 360 (1997: 315) shares	<u>720</u>	<u>630</u>
6. Movement in Reserves		
Forfeited Share Reserve		
Net transfer from Share Capital	<u>30</u>	<u>230</u>
7. Related Party Information		

The Directors who held office during the financial year were John Gill, David Griffiths, Bernie Harford, Vern Hughes, Valerie Ogier, Geoff Johnston*, Graeme Andrews, Elizabeth Pearcey, Stephen Chenery, John Luckman, Neil Black.

(* Directors who retired prior to the date of these accounts)

CO-OPERATIVE FEDERATION OF VICTORIA LTD**DIRECTORS' STATEMENT
FOR THE YEAR ENDED 30TH JUNE, 1998**

In the opinion of the Directors the accompanying Profit and Loss Account for the year ended 30th June, 1998 is drawn up so as to give a true and fair view of the Profit of the Federation for the financial year, and the Balance Sheet is drawn up so as to give a true and fair view of the state of affairs of the Federation at the end of the financial year.

Signed at Melbourne this 20th day of August, 1998 in accordance with a resolution of Directors.

.....
Director

.....
Director

David Griffiths

STATEMENT BY PRINCIPAL ACCOUNTING OFFICER

I, Anthony Gill, being principal accounting officer in charge of the preparation of the accompanying Accounts of the co-operative Federation of Victoria Ltd, state that to the best of my knowledge and belief, the accompanying Accounts give a true and fair view of the matters required by Section 130 of the *Co-operation Act 1981* of Victoria, to be dealt with in the Accounts.

Signed at Melbourne on the 20th day of August, 1998.

.....



PROWSE, PERRIN & TWOMEY
CERTIFIED PRACTISING ACCOUNTANTS

20 Lydiard Street South, Ballarat. Postal Address: P.O. Box 605, Ballarat, 3353.
 Telephone: (03) 5331 3711. Facsimile: (03) 5331 7980. DX 35036.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CO-OPERATIVE FEDERATION OF VICTORIA LTD

Scope

We have audited the accounts being the Statement by Directors, Profit and Loss Account and Balance Sheet and Notes to Accounts of Co-operative Federation of Victoria Ltd for the year ended 30th June, 1998. The Federation's directors are responsible for the preparation and presentation of the accounts and the information they contain. We have conducted an independent audit of these accounts in order to express an opinion on them to the members of the Federation.

Our audit has been conducted in accordance with Australian Auditing Standard to provide reasonable assurance as to whether the accounts are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the accounts, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements and the Co-operation Act 1981, so as to present a view which is consistent with our understanding of the Federation's financial position and the results of its operations.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

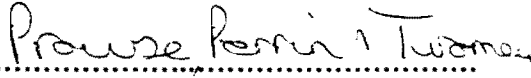
In our opinion:

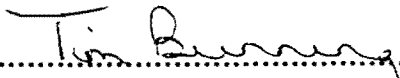
- a) we have obtained all the information and explanations required.
- b) the accounts of Co-operative Federation of Victoria Ltd are properly drawn up on accordance with the provisions of the Co-operation Act 1981 (as amended) so as to give a true and fair view, in accordance with the accounting policies described in Note 1 to the financial statements, of:
 - i. the state of affairs of the Federation as at 30th June, 1998 and of its results for the year ended on that date, and
 - ii. the other matters required by Section 130 of that Act to be dealt with in the accounts.
- c) the accounts are properly drawn up in accordance with applicable Accounting Standards and other mandatory professional reporting requirements with the exception that Accounting Standards AASB 1026 (Statement of Cash Flows) and AASB 1008 (Accounting for Leases) have not been adopted, and



- d) the accounting records and other records and registers required by that Act to be kept by the Federation have been properly kept in accordance with the provisions of that Act.

Ballarat
21st August, 1998


.....
PROWSE, PERRIN & TWOMEY
Certified Practising Accountants


.....
Tim Bunning (Partner)